

Message Text

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ACTION EUR-12

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FM AMEMBASSY ROME

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C O N F I D E N T I A L ROME 0526

E.O. 11652: GDS

TAGS: PFOR, IT

SUBJ: CONVERSATION WITH GIANNI AGNELLI

1. IN THE COURSE OF A MEETING ON ANOTHER SUBJECT, AGNELLI MADE THE FOLLOWING COMMENTS TO THE AMBASSADOR CONCERNING THE CURRENT POLITICAL CRISIS.

2. AGNELLI THOUGHT THAT THIS CURRENT CRISIS WOULD BE DIFFICULT TO RESOLVE. THERE APPEARED TO BE NO EASY GOVERNMENT FORMULA IN SIGHT ALTHOUGH HE FELT IT ABSOLUTELY CERTAIN THAT IF ONE WERE PUT TOGETHER, IT WOULD NOT REPEAT NOT INCLUDE THE PCI. HE SPECULATED THAT THE PSI WOULD DEMAND A HEAVY PRICE TO BE BROUGHT BACK INTO THE GOVERNMENT AND WONDERED IF THIS PRICE WOULD BE WORTH IT TO THE DC. IN MANY WAYS, AGNELLI SAID, THE DC WOULD BE BETTER OFF GOING TO EARLY ELECTIONS RATHER THAN TO MORTGAGE AWAY THE FUTURE IN MEETING BURDENSOME SOCIALIST ECONOMIC DEMANDS. OTHER ADVANTAGES THAT AGNELLI SAW IN EARLY ELECTIONS WOULD BE THE AVOIDANCE OF A POSSIBLE REFERENDUM ON ABORTION, MINIMIZING THE RISKS OF ANOTHER INFLATIONARY SPIRAL WHICH WOULD BE CAUSED BY UNREALISTIC PSI ECONOMIC DEMANDS ON THE GOVERNMENT AND THE POSSIBILITY THAT THE PCI WOULD BE IN AN EVEN STRONGER POSITION FOR ELECTIONS IN 1977 THAN THEY ARE TODAY DUE TO INCREASED PATRONAGE FROM THEIR INCREASED ROLE IN REGIONAL AND LOCAL GOVERNMENTS AS A RESULT OF THE JUNE '75 ELECTIONS. AGNELLI CONCEDED, HOWEVER, THAT EARLY ELECTIONS WERE

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NOT WITHOUT RISKS. HE INDICATED THAT AT THIS MOMENT LEONE WANTED

TO AVOID EARLY ELECTIONS WHICH WOULD OCCUR FOR THE SECOND TIME IN HIS PRESIDENTIAL TERM. HE ALSO RECOGNIZED THE POSSIBILITY THAT THE PCI COULD BECOME THE PARTY OF THE RELATIVE MAJORITY IN EARLY ELECTIONS. ON BALANCE, HOWEVER, IT SEEMED TO THE AMBASSADOR THAT AGNELLI WAS LEADING MORE TOWARDS EARLY ELECTIONS AND REFLECTING VERY MUCH THE PRI LINE TAKEN BY LA MALFA IN A PREVIOUS CONVERSATION WITH THE AMBASSADOR (REPORTED SEPTTEL).

3. AGNELLI SHOWED HIS EXASPERATION WITH THE SOCIALIST PARTY BUT FULLY RECOGNIZES THAT THEY ARE ESSENTIAL IN ANY POSSIBLE FORMULA IN ITALY AND SUPPORTED OUR INITIATIVE FOR DE MARTINO TO VISIT THE UNITED STATES AND HOPES THAT SUCH A VISIT CAN STILL TAKE PLACE. HE FELT WE COULD NOT OVERLOOK THE SOCIALISTS AND MUST TRY TO MAKE OUR INFLUENCE ON THEM COUNT ALTHOUGH RECOGNIZING THE FRUSTRATIONS THIS WILL CAUSE US.

4. AGNELLI HAD MANY GOOD WORDS TO SAY ABOUT ZACCAGNINI'S PERFORMANCE. HE THINKS HIGHLY OF HIM. IN ADDITION TO BEING A DECENT AND HONEST PERSON, HE IS PROVIDING THE DC WITH A NEW KIND OF IMAGE TO WHICH HE FELT THE GRASS ROOTS WERE RESPONDING.

5. AGNELLI CONCLUDED BY EXPRESSING HIS REGRET OF THE DAMAGING PUBLIC DISCLOSURE IN THE U.S. OF OUR SECRET AND SENSITIVE OPERATIONS. HE FELT THAT THIS CAN ONLY HAVE A WEAKING EFFECT ON OUR INTELLIGENCE OPERATIONS THROUGHOUT THE WORLD AND WILL BE USED TO OUR POLITICAL DETRIMENT BY THE PCI HERE IN ITALY. VOLPE

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